

13 STEAMER LINES HALED INTO COURT FOR CONSPIRACY

Government Begins Suit to
Smash Alleged Trust That
Dominates Atlantic.

ALLEGED TRUST FORMED TO CRUSH COMPETITION

Heavy Fines Provided for Members of Trust Who Violated Rules--"Fighting Steamers" Used to Destroy Business of Competing Lines--Officers of Trust Prosecuted Individually.

New York, January 4.—The federal government brought suit today in the United States circuit court, under the Sherman anti-trust law, against thirteen of the principal trans-Atlantic carriers, which are estimated to control 90 per cent of the steerage traffic, worth to them \$55,000,000 a year. Twelve officers of the defendant companies, all resident in America, are named as co-defendants.

These thirteen companies, the government charges, entered into an illegal contract February 5, 1908, at London, by which they constituted themselves the Atlantic conference, with power to apportion all traffic pro rata, impose heavy fines on members of the conference for violation of any articles of agreement and wage competition against all lines outside the conference.

Forced to Make Terms.

As a result, it is alleged the Russian volunteer fleet, plying between New York and Libau, was driven out of business, and the Russian-American line was forced to make terms with the conference and enter its membership.

Suit was brought by Henry A. Wise, United States district attorney, acting under instructions from United States Attorney General Wickersham. In its petition the government prays the court to "enjoin the defendants from further agreeing, combining, conspiring to injure or destroy the business of carrying steerage passengers between points in the United States and Europe. Further, that each, every and all of the defendant steamship lines be forbidden either to enter or clear any of their vessels at or from the port of New York or any other port of entry in the United States or any of its possessions, so long as the law shall continue to operate under the aforesaid alleged unlawful combination or conspiracy."

The Defendant Companies.

The defendant companies are:

Allan Steamship Company, capitalized at \$3,220,000; plies between Liverpool, Boston and Philadelphia and Glasgow and Montreal.

International Mercantile Marine Company, a holding company capitalized at \$120,000,000.

International Navigation Company, a subsidiary of the International Mercantile Marine Company.

Anchor Line, capitalized at \$2,875,000, which plies between New York and Glasgow.

Canadian Pacific Railway Company, capitalized at \$200,000,000, which operates between Montreal and Liverpool.

Cunard Steamship Company, with a capital of \$10,000,000, which has a service between Liverpool and New York and Boston.

British & North Atlantic Steam Navigation Co., a subsidiary of the International Marine Company.

Hamburg-American line, with a capital of \$31,260,000, whose service is from Hamburg to New York, Boston, Philadelphia and Baltimore.

Holland-American line, capital unavailable, which runs steamers between Rotterdam and New York.

The North German Lloyd Company, capital unavailable, which runs between Bremen and New York.

The Red Star line (a subsidiary of the International Mercantile Marine Company), with a service between New York and Liverpool.

Russian East Asiatic Steamship Company, capital unavailable, which plies between Lisbon and New York.

Individual Defendants.

The defendants, all officers of the defendant companies, but not all of them could be identified here tonight, are:

Philip A. S. Franklin, vice president of the International Mercantile Company.

Emil L. Boaz, general manager in America and a director of the Hamburg-American line, and many other transportation companies.

Gustav Schwab, general manager in America and a director of the North German Lloyd Dock Company.

Gustav Schwab, Jr.

Charles P. Sumner, American agent of Cunard Steamship Company.

Alexander E. Johnston, senior member of A. E. Johnson & Co., passenger agents for the Scandinavian Company.

James R. Alexander, of Boston, director of the Allen line.

H. E. Von Post, vice president and a director of the North German Lloyd Dock Company.

William Coverly, president of and a partner in the firm of Henderson Bros., general agents for the Anchor line.

John Lee, Adrian Gulps, and Max Straus.

The petition charges that February 5, 1908, at London, the defendant companies, with the exception of the Russian-American line, "entered into an unlawful conspiracy by the execution of an unlawful contract, whereby each of them became a member of a voluntary association under the style of the 'Atlantic conference.'

Passenger Traffic Prorated.

Under the terms of this contract those lines agreed, it is alleged, to

divide their steerage traffic on a proportionate allotment, with the express stipulation that no member should carry steerage passengers in excess of such allotted percentage.

To provide against violations of this contract a specialty of \$20 on each excess passenger carried was provided for in the alleged agreement. A further alleged provision stipulated that whenever the monthly accounts of any line showed that it had exceeded or remained below its agreed percentage it should either raise or lower its rates to effect a distribution to which a press stipulation that whenever possible rates should be raised rather than lowered.

The alleged contract exacted from each of its signatories, the deposit of a promissory note for an amount equal to \$5,000 for each 1 per cent of traffic allotted to the signatory. Upon withdrawal of any member of the conference without permission from all other members this deposit was to be forfeited. It was also subject to forfeit if any member failed to pay his \$20 fine for each excess passenger. All forfeits and fines were to be divided amongst the members not penalized, and all matters in dispute were to be referred to an arbitrator, who was given the full power of imposing a penalty of \$1,250 on any member who disobeyed the provisions of the contract.

"Fighting Steamers" Used.

"After the adoption of this contract," said District Attorney Wise, in a statement tonight, "it is charged that the lines party thereto held a meeting, at which it was agreed that they should act together to eliminate and destroy competition, . . . and that for the accomplishment of this purpose a committee of three, consisting of agents in the United States, should be created, with power to select steamships to be known as "fighting steamers," and to advertise such fighting steamers to sail at the same time and from the same port as the steamers of competing lines, and to advertise rates far below those advertised by such independent line."

These practices were put into effect to such good purpose, the government charges, that the Russian volunteer fleet was driven out of business, and the Russian-American line was only able to re-enter the New York service through membership in the combine, which it was forced to join at a meeting held September 1, 1909, in Cologne, Germany.